DOCUMENT RESUME

ED 313 994 HE 023 102

AUTHOR Zumeta, William
TITLE Public Policies and Independent Higher Education: A View from the States. ASHE Annual Meeting Paper.
SPONS AGENCY Education Commission of the States, Denver, Colo.; Washington Univ., Seattle.
PUB DATE Nov 89
NOTE 73p.; Paper presented at the Annual Meeting of the Association for the Study of Higher Education (Atlanta, GA, November 2-5, 1989).
PUB TYPE Speeches/Conference Papers (150) -- Reports - Research/Technical (143)

EDRS PRICE MF01/PC03 Plus Postage.
DESCRIPTORS Educational Finance; *Educational Policy; Government School Relationship; Higher Education; Institutional Cooperation; National Surveys; Policy Formation; *Private Colleges; *Public Policy; State Aid; *State Colleges; Statewide Planning; Student Financial Aid
IDENTIFIERS *ASHE Annual Meeting

ABSTRACT

The study explored the distribution and interrelationships across the states of certain policies that affect the independent higher education sector. The 1988 survey queried two groups of respondents (state higher education executive officers (N=48) and state independent sector association executive officers (N=39). on aspects of state funding and perceived impact of state policies in the following areas: student aid policy; programs providing direct payments by states to independent colleges and universities; involvement of the independent sector in state planning efforts; involvement of the independent sector in state program review processes concerning public institutions' academic programs and proposed programs; and intersector relations and cooperation. Findings indicated that: state independent sector representatives see aspects of student aid policy or funding as the most important state-level policy issue facing independent institutions today; there is substantial agreement among state higher education agency and independent sector representatives as to the general level of independent sector involvement in state planning (characterized as moderate); and state policies that affect the independent sector, while seemingly disparate, actually tend to be related. Twenty nine tables are appended. Contains 20 references. (SM)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED313994

PUBLIC POLICIES AND INDEPENDENT HIGHER EDUCATION: A VIEW FROM THE STATES

by William Zumeta
Associate Professor
Graduate School of Public Affairs
and
Institute for Public Policy and Management
University of Washington
Seattle, Washington 98195

Prepared for the Annual Meeting
of the Association for the Study of Higher Education
Atlanta, Georgia
November 2-5, 1989

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
✓ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
ASHE
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

The author gratefully acknowledges support for the research reported herein from the Education Commission of the States and the University of Washington. The conclusions and opinions expressed, however, are the author's alone.

HE023 102

BEST COPY AVAILABLE

ASHE

ASSOCIATION
FOR THE
STUDY OF
HIGHER EDUCATION

Texas A&M University
Department of Educational
Administration
College Station, TX 77843
(409) 845-0393

This paper was presented at the annual meeting of the Association for the Study of Higher Education held at the Ritz-Carlton, Buckhead in Atlanta, Georgia, November 2-5, 1989. This paper was reviewed by ASHE and was judged to be of high quality and of interest to others concerned with the research of higher education. It has therefore been selected to be included in the ERIC collection of ASHE conference papers.

PUBLIC POLICIES AND INDEPENDENT HIGHER EDUCATION: A VIEW FROM THE STATES

by William Zumeta
University of Washington

Prepared for the Annual Conference of the Association for the Study of Higher Education
Atlanta, Georgia
November 2-5, 1989

Policy Context for the Study

Independent (private) higher education seems, in many ways, reasonably healthy. Aggregate enrollments have held up in spite of several years of declining numbers of high school graduates. Graduate enrollments in independent institutions have actually increased substantially since the mid-seventies. There is no obvious sign of sectorwide financial crisis and the losses in numbers of independent schools widely predicted for the eighties have not materialized.

On the other hand, there are signs of fiscal and enrollment problems facing this sector that should not be ignored. In particular, the high costs of graduate programs and research, especially capital-intensive scientific research (Chronicle of Higher Education, 1989a), and the affordability and competitiveness problems created by years of tuition and fee increases greater than inflation and greater than those of public institutions (Blumenstyk and Myers, 1989) have been accompanied by sluggish growth in federal student aid (see Table 2). As a consequence of the latter development, independent colleges and universities have increased substantially the proportion of their own resources spent on student aid (National Institute of Independent Colleges and Universities, 1988) at the expense of needs such as instruction and plant maintenance, and student debt levels have grown at a rate alarming to many as independent institutions seek to find ways to compete for a

dwindling pool of students. (Chronicle of Higher Education, 1989b). Widely feared if not well documented is a declining capacity of this sector to serve low and moderate income students, including minorities, if costs continue to rise and resources ailable for student aid do not.

Why should the health of the independent higher education sector be a concern to anyone beyond this sector and its students, i.e., why should it be a public policy concern? The arguments in terms of this sector's contribution to diversity of choice for students, the quality of the instructional and research programs at many of the institutions, and the benefits of the (generally) healthy rivalry with the public institutions they create have been amply developed elsewhere (citations) and will not be dwelt upon here. Of special policy importance now and in the relatively near future I would argue is the simple fact that the independent campuses provide important enrollment capacity, and generally capacity of reasonable to high quality, that most states will need when they face the expected enrollment surge coming in the mid- to late-1990s from the "baby boom echo" generation. It would seem only prudent for states to monitor closely the effects external forces and their own policies may be having on this sector and its ability to provide appropriate quality higher education for its accustomed share of the state's citizens, including low and moderate income and minority citizens. Failing to do this could lead to further increases in a bill that will in any case be a high one in many states for new public higher education capacity to educate the baby boom echo.

Range of State Policies of Interest and Theoretical Issues

State policies toward independent higher education are also of interest as a subset of the universe of state higher education policies—higher education after all is one of the most important state government areas of responsibility, and, to look at

it the other way, the states are where most of the key decisions for higher education are made in this country. State policies toward the private sector are, in most cases, inextricably linked to state policies toward public higher education. Thus, studying the former inevitably illuminates the latter. Moreover, independent higher education in the United States is an interesting phenomenon in its own right, unusual (and widely-admired) in the developed world and a phenomenon with interesting analogues in the nonprofit and even the business world where private organizations also form in large numbers, struggle to survive and sometimes seek government help of one form or another, and in some cases die.

Elsewhere, I have proposed a basic set of categories for thinking about the ways in which a state may orient its policies that may affect the independent higher education sector (Zumeta 1988a), which will be only briefly summarized here. First, consider the range of state policies that may affect independent colleges and universities and the students who attend or would like to attend them. These include state policies that determine or affect public institution tuition and fee levels since these affect the competitive environment for private institutions; state programs encouraging or establishing terms for prepayment of tuition for children well ahead of the time they reach college age, which can be designed to be more or less evenhanded toward the competitive position of independent institutions; state student aid program design and funding which can have a large impact on student choice among sectors, on the socioeconomic makeup of private institutions' student bodies and on their finances; state programs that provide direct aid to private institutions or allow them to participate in funded state initiatives (e.g., in technology-oriented research or in expansion of enrollment in particular demographic groups or targeted fields); participation or not of independent institutions in state bonding arrangements and state purchasing pools; state tax

policies that may provide more or less encouragement for individual and corporate donations to higher education and may or may not exempt institutions from sales or other state taxes; state data collection, analysis and dissemination policies that may pay more or less attention to the independent sector, be more or less helpful or burdensome, etc.; state regulatory policies in both academic and nonacademic spheres, which may range from almost nonexistent to quite extensive, costly, and potentially intrusive; and state policies toward the formal or informal participation of the independent sector in such areas as state higher education planning and state review of academic programs and proposed programs in public institutions that may have competitive implications for private institutions. This is not an exhaustive list but it gives an idea of the wide range of state policies that may have impacts on the private higher education sector.

As a device for summarizing or comprehending, as it were, the diverse range of a state's policies as these affect the independent sector, we might conceive of states as falling in one of three archetypical categories of state policy "postures" vis-à-vis this sector. (At a later state in this research more, and more empirically-grounded, categories of state postures will be developed.) These will be termed laissez-faire, centrally-planned and market-competitive state postures. Briefly, the hallmarks of these postures are as follows.

The Laissez-faire Posture—A state taking this posture toward the private higher education sector is essentially choosing to leave this sector to its own devices. At the extreme, it would mean no state funds for student aid would be available to private college students; no tax incentives aiding private institutions would exist beyond those available to all nonprofits; no consideration would be given to private campuses' concerns in establishing public college tuition and fee structures or mission and program configurations; the state would provide no funds, either by

direct appropriation or by contract, to independent institutions for any purpose; the independent sector would be excluded from a meaningful role in statewide higher education planning; the state would collect virtually no information about independent institutions beyond that collected by the federal government; and the state's regulation of private higher education would be of the most limited scope, probably limited to licensing institutions to operate and enforcing on them general state laws not specifically targeted at higher education.

States whose policies toward the independent sector resemble this characterization do exist today (see Zumeta 1988a for further discussion including discussion of the origins of this posture), but most of those in this broad camp would probably best be termed *modified* laissez-faire states. What are the likely consequences of a state's pursuing laissez-faire policies vis-à-vis its private higher education sector? If its private sector is small and weak both academically and politically, they may not be serious. Disruptive conflict may be avoided and little in the way of quality enrollment capacity or meaningful diversity lost if some private institutions fail to survive the current competitive era without state help.

If, however, a state's independent sector does represent a substantial resource (in terms of enrollment capacity, quality, meaningful diversity, etc.), then there is reason to be concerned about the implications of a laissez-faire state posture. While a small percentage of private institutions are well-known and well-endowed and a substantial group are located in geographic areas that permit them continued access to an adequate pool of students, many private colleges are not so fortunate. These less-fortunate institutions, in the midst of a long period of very stiff competition for students and resources and faced with a growing tuition gap they cannot effectively address with government student aid funds, may eventually begin to make decisions not in the public's long-term interest. They will presumably have to

continue to shift institutional funds into student aid at the expense of instructional programs, maintenance and capital needs. This must, eventually, impact academic and physical capacity. They may eventually have to accept students largely on the basis of ability to pay (interviews by the author at small, private colleges in the Midwest provide some evidence that this was happening as early as 1984)—not a promising prospect for minority enrollments. And their students will likely incur increasing debt. (The implications of this last development are still an open question but it remains a concern.)

Whether many of these schools will close is also an open question; so far, through the recent difficult times they have faced private colleges and universities have shown themselves to be remarkably resourceful in their efforts to survive (Zumeta and Green, 1987). Perhaps for some campuses worth saving, the laissez-faire state policy environment will not provide enough sustenance for them to make it to the new era of enrollment growth coming (at least in most states) within the next decade. For many of those that do survive their capacity to serve public purposes—i.e., to educate a substantial share of the state's students at an appropriate level of quality, to enroll low-income and disadvantaged students, to perform significant research, etc.—may well be damaged for a long time to come. This should be reason enough for policymaker concern in these states.

State Central Planning—At the opposite end of the conceptual continuum from the laissez-faire posture stands state central planning. In this posture, instead of ignoring the independent sector as in laissez-faire, the state embraces the private colleges and universities as an integral part of the state's higher education capacity and treats them as such. This model can only be fully developed in a state that practices strong central planning for its public higher education sector. In such a state the private institutions are incorporated integrally in the extensive state

planning that exists, get their share of attention when new state initiatives affecting higher education are planned, and, of course, receive a substantial share of the state's higher education dollars. Indeed the money helps entice them into and cement them in the state's policy system. To better ensure adherence to the state's plans and designs we would expect such a state to employ direct financial aid programs to private institutions, indeed to prefer these at the margin to student aid and tax incentives as more direct devices to both aid and guide the private higher education sector to serve state purposes.

Central planning also implies efforts by the planners to limit what they see as duplication in institutional missions and programs since this seems unnecessarily expensive. (Whether this is true or not is another question. See Thompson and Zumeta, 1981.) Such efforts become very significant to the private sector if taken seriously because they mean that duplication of *private* institution missions, programs or geographic "turf" become legitimate considerations in decisions about public sector expansion. This addresses one of the private sector's chief concerns in higher education policy in the current competitive era—i.e., low-priced competition from public institutions, often via off-campus programs, in the "backyard" of an existing private college or university.

The price of this solicitude from the state in program review matters, and of participation in its planning councils and funding largesse, is almost certain to be, over time, increased state concern with private institutions' missions, program configurations and performance with state funds. Thus the state practicing extensive central planning is likely to collect increasing amounts of data from and about private institutions (as it does about its public colleges and universities) and to begin overseeing their financial operations and their efforts at new program initiatives more closely. It is also likely to come to see them as legitimately subject to state

regulation (e.g., assessment procedures, graduation testing, doctoral program reviews, etc.), as well as to its largesse.

In short, private institutions which choose to play in the state's game in such a regime run the risk of becoming quasi-public. While such a regime is not without its advantages (see Zumeta 1988a for discussion), the negative side of it is that such quasi-public "independent" institutions, substantially dependent on state dollars and subject to various formal and informal state controls, may well be less capable of sustaining the diversity of mission and approach, the flexibility and rapid market responsiveness, and the autonomy from a single central vision that is an important part of the reason public policy would seek to preserve a private higher education sector. It should also be noted that such a centrally-focused policy regime will tend to attract a good deal of institutions' creative energies to influencing the state authorities who control the resources and protections they seek, at the expense of giving their direct attention to the nature of state needs as reflected in student and market demands.

The Market-Competitive Policy Posture—A third, distinctly different, type of state policy posture is possible. In the market-competitive posture, rather than letting the chips fall where they may as in the laissez-faire model, the state takes a more active posture toward private higher education and private/public sector relations. Although they avoid the detailed central planning characteristic of the approach just described, state authorities under the market-competitive regime nonetheless take a comprehensive view of the state's postsecondary education resources, including its independent institutions, but seek primarily to facilitate the workings of the marketplace and to promote evenhanded competition across sectors.

Under the pure market-competitive approach, state intervention would be limited to addressing the various market imperfections (e.g., widely varying tuition subsidies not systematically related to policy objectives, the existence of near-monopolies in some markets, no or inadequate response to state needs, inadequate consumer information) that characterize the postsecondary education marketplace. Such interventions would likely include tuition and competitive (i.e., student-based) student aid policies designed to more nearly equalize "net prices" between private and public institutions; encouragement, or at least no discouragement, of public/private competition not judged to denigrate quality or involve fraudulent claims; and efforts to disseminate widely and facilitate the use by students and their parents of comparative information about institutions' characteristics and performance. (See also Breneman and Finn, 1978: Chapter One.) Where the state authorities saw a particular need not being adequately addressed by the public and private institutions (e.g., inadequate production of certain types of trained specialists, need for new economic development initiatives) in the true competitive regime it would describe the type of program sought and offer it up for "bids" in a competition open to competent institutions from both sectors. Winning bidders would be granted time-limited, performance-based contracts subject to nonrenewal and rebidding, rather than essentially permanent institutional grant programs. (For a fuller description see Spence and Weathersby, 1981.) This would be the extent of direct institutional aid in the market-competitive regime, as the state would prefer aid mechanisms where the market chooses who gets how much aid, such as tax incentives for private donations to institutions of either sector and student aid routed through students who can choose which college to attend.

Beyond the specific and carefully targeted interventions to perfect the market described above, the pure market-competitive state would allow both public and

private institutions (a) to plan and modify their own offerings within existing resources without close state regulatory oversight, and (b) to compete directly for students and the resources tied to them. An empirically plausible version of this market-competitive model would almost certainly entail some restrictions on the program configurations of public institutions (i.e., mission limitations and some state review of potentially costly new program proposals), and some basic funding guarantees to public institutions independent of enrollments.

One might summarize the differences between the state central-planning model and the market-competitive posture by observing that in the former the private institutions are treated by the state much like the public, while in the latter the public institutions face an environment deliberately designed to be much like that now faced by the privates. The basic point of the latter type of state policy regime is to focus institutions more on reacting to, and anticipating, societal needs and demands by encouraging them to respond to market or quasi-market signals (i.e., enrollment-driven funding and performance contracting arrangements), and less on working state officials for favored treatment in decisions on missions, programs and resource allocations.

This model has some theoretical appeal, and at least a few states with appropriate laws and traditions and supportive leadership have taken several significant steps in this direction. A number of states have one or two of the key elements in place. But the full-blown market-competitive model has a number of theoretical and practical difficulties. (See Zumeta 1988a for further discussion.)

Nonetheless, the nonintrusive nature of this approach makes it an intriguing one for those especially attracted to the flexibility, market responsiveness and autonomy that characterize many institutions in the private sector. The likely

direction for future research on this policy posture will be toward thinking about and studying empirically feasible variants of the pure model.

Goals of the Research Effort and Sources of Data

Ultimately, a goal of the research program envisioned here is to expand upon as well as to refine this set of state policy posture concepts using empirical data from a variety of national statistical sources and recent surveys in addition to case studies of certain particularly interesting states. Also of fundamental interest is to illuminate the determinants of particular state policies and postures as well as their consequences for such variables as independent sector (and subsector) enrollments and market share, enrollment demographics, various indicators of independent institutions' health and survival over time, public/private sector relations, and the like.

More immediately, the purpose in this paper is to explore in a preliminary way the distribution across the states of certain policies (a subset of those mentioned on pages 3-4) that affect the independent sector and some of the relationships among these policies. Some of the possible implications of these policies for the health of independent sectors and state higher education systems will also be explored in a preliminary fashion. Most of the data to be reported here were collected in the summer and early fall of 1988 from a nationwide survey conducted by the author for the Education Commission of the States Task Force on State Policy and Independent Higher Education (Zumeta 1988b). (See appendix for survey instruments.) Data on state student aid funding were compiled by the author from the survey conducted each year by the National Association of State Scholarship and Grant Programs (NASSGP). (See Reeher and Davis, 1988.) The policy issues from the first-mentioned survey to be covered here include student aid policy, programs providing direct payments by states to independent colleges and universities (including contracts),

involvement of the independent sector in state planning efforts, involvement of the independent sector in state program review processes concerning *public* institutions' academic programs and proposed programs, and intersector relations and cooperation. (Analysis of the ECS survey data covering most of the other topic areas listed on pages 3-4 will be forthcoming in subsequent papers.)

The survey conducted for ECS queried two groups of respondents on the nature and certain aspects of the funding and perceived impact of state policies in the areas just mentioned. The two groups were state higher education executive officers (SHEEOs) or, for some specialized questions, appropriate deputies (such as the fiscal affairs officer for the questions on direct state payments to independent institutions), and state independent sector association executive officers.* Responses were received from 47 SHEEOs (including the District of Columbia and Puerto Rico) and 39 independent sector association executives, though a few of these were very limited responses (Table A). Individual item responses were typically slightly lower. The NASSGP student aid survey data shown here were collected in the fall of 1987 and are estimates by state scholarship agency officials of spending patterns for the current (i.e., 1987-88) fiscal year.

STATE POLICIES IMPACTING THE INDEPENDENT SECTOR

To provide an indication of what policy concerns are of highest priority at present, the state independent sector representatives who responded to the ECS survey were asked what they saw as the three most important state-level policy issues facing independent institutions in their state today (Table 1). As that table shows, aspects of student aid policy or funding were, by a large measure, the most

* Both groups responded to the questions on state higher education planning, program review and information policies. The SHEEO respondents alone answered the questions on programs involving direct state payments to independent institutions. The independent sector representatives alone answered the questions on state tax, regulatory, and student aid policies.

frequently mentioned, and were the only issue mentioned by a majority (21) of the 38 respondents. Public sector tuition and tuition policy also received a goodly number of mentions (11), but was mentioned by less than a third of the respondents. The other responses were quite diverse across the states, with six of the independent sector representatives mentioning aspects of direct state aid to independent institutions; five each naming independent sector autonomy and the independents' share of the state budget; four each noting program or course duplication, state tax policy, and state recognition of the independent sector role; and three each mentioning the need for state capital assistance and aspects of public/independent enrollment competition or independent sector enrollment decline. Interestingly, only two mentioned aspects of prepaid tuition policy while two each also mentioned academic quality concerns, improving elementary/secondary education and aspects of the distribution of the costs of higher education (among students, families, government, etc.). In addition, 18 other issues were mentioned by one of the 38 respondents to this question.

The independent sector representatives were then asked if their institutions were generally satisfied with the types of studies and reports the state government produces about higher education. The responses were evenly split between yes and no. When asked to list their three highest priority topics for additional studies, analyses, or reports by state agencies, responses by the independent sector representatives were again diverse but the most frequently-mentioned topics were all related in some way to costs, financing, student aid, tuition, or competitiveness with the public sector in attracting students and public and political support. These issues of costs, affordability and intersector competition clearly dominate in the minds of those who represent the private sector in the public policy arena.

State Student Aid Policies and Funding: National Overview

States now provide a significant part of the total pool of financial aid funds available to students to defray their costs of attendance at colleges and universities. According to the NASSGP (Reeher and Davis 1988:1) survey, states in the aggregate expected to distribute some $1.8 billion in grant aid among almost 1.7 million students in 1987-88. These state aid funds are of particular importance to students attending or considering attendance at independent institutions because the tuition at these schools tends to be substantially higher than that at public colleges. Thus we should not be surprised to find that Table 1 showed state student aid policy and funding are of highest importance to independent college representatives in the majority of states.

Table 2 shows trends over the 1980s in student aid funds available from a variety of sources, including state student aid programs.* The upper half of the table gives the figures in nominal dollars (not adjusted for inflation), while the figures in the lower half are in constant 1982 dollars. According to the College Board (the source for the data in Table 2), average tuition, fees, and room and board grew, in unadjusted dollars, from 1980-81 to 1987-88 by rates ranging from 60% at public two-year colleges, to 103% at private universities, while disposable personal income per capita, an aggregate measure of ability to pay for college, grew more slowly at 55% (Evangelauf 1988:A1,A40). Aggregate enrollment over this period grew by only a few percent. Thus, the aggregate aid growth of 42% (last line of upper half of table) clearly has not kept pace with growth in costs per student, especially with costs in the independent sector, even without making any explicit allowance for the sharp shift in the mix of aid during this period toward loans and away from grants.

---

* Note that the figures shown here from the College Board for state grant aid are less comprehensive than those collected by NASSGP.

Federal aid, by far the largest part of the total, has lagged most, growing by just 28% in current dollars (including loans) over the seven years shown. (Note from the bottom half of the table that this represents a 4% decline in inflation-adjusted dollars.) The much smaller aid pools represented by state grants and institutionally-awarded aid have grown quite rapidly in the aggregate, probably in response to this lag. Institutionally awarded aid has grown particularly rapidly at independent institutions as they have evidently reallocated funds from other uses to student aid (see Wilensky 1988:95,97). NASSGP estimates that, in spite of the near doubling in state grants since 1980-81, aggregate need-based state aid defrayed only 14.4% of aggregate student educational costs in 1987-88, compared to 16.8% in 1980-81 (Reeher and Davis 1988:136). This percentage has, however, been fairly stable over the last five years after a sharp drop in the early 1980s.

Ideally, it would be desirable to track trends in sector shares of state student aid awards and funds for students attending public, independent nonprofit, and private proprietary institutions, respectively, over time. However, the NASSGP data do not readily permit using precisely these categories. Instead, NASSGP reports trends over the last four years for "in-state public" institutions' students, "in-state private" institutions' students (this category includes some private trade and nursing school students), and students attending out-of-state schools of any type. For national-level analysis, the last category is of little consequence for it represents only about 2% of all undergraduate state need-based grant aid recipients and 1.5% of the state aid dollars, and these percentages have changed little in the last four years. Also, private vocational-technical and nursing school students' share of state grant awards (6% in 1987-88) and of state grant dollars (7% in 1987-88) is relatively small, nationally speaking, and has grown only slightly in recent years (Reeher and Davis 1988:131-33). Thus, although eligibility of proprietary school students for state grants

is concentrated in a minority of states and may be a significant factor in examining trends in those states, it has relatively little impact on the national trends reported by NASSGP over the last few years (Table 3).

Table 3 shows that the "in-state private" students' share of both state aid awards (upper half of table) and state aid dollars (lower half of table) has fallen somewhat over the period, but not sharply or consistently. The apparent drop in the private sector share in the last two years shown could be cause for concern if it continued though.

State Student Aid Policy and Funding: Analysis of State Differences

In examining this area of such great importance to the independent sector of higher education, perhaps most striking is the enormous variation across the states in what might be termed state "student aid effort."* Two indicators of state student aid effort of particular interest with respect to the independent sector will be reported here. The first is shown in Table 4 which ranks the states according to a basic measure of student aid effort—state grant dollars for undergraduates (including virtually all forms of state grant aid, not just need-based aid) per full-time-equivalent undergraduate enrollment—and (in the right-hand column) according to the share of their FTE students enrolled in the private sector.

The highest-ranking state, New York, spends well over *fifty times* more *per student* than the lowest-ranking state, Nevada. Though New York is something of an outlier at the upper end of the distribution, Nevada is not far below several other states. The broad range on this basic measure of state effort is quite remarkable.

---

* It should be noted that the NASSGP survey has not yet been able to compile comparable state-by-state data on student aid provided from state-authorized tuition waivers or state appropriations to public colleges and universities, two sources that are no doubt important in many states (Reeher and Davis 1988:120-123).

Two observations about the state rankings stand out. The states with the highest levels of student aid effort are strongly concentrated in the Northeast and Midwest (11 of the 12 states whose effort levels exceed the national average), and are with few exceptions states that rank high in private enrollment share. Overall, the state ranks on the two indices are correlated at a striking .72 level (Spearman rank-order coefficient). Note also that only 12 of the 51 states (including D.C.) exceed the national mean level of $188 in state grant aid per FTE undergraduate because the highest effort states spend very large sums relative to the others, thus elevating the mean level well above the median (which is $97 per FTE). With few exceptions, the lowest-ranking states on student aid effort are Western and Plains* states, nearly all with small private enrollment shares. The Southern states are well distributed throughout the middle parts of the student aid effort rankings, with state rankings ranging from North Carolina's eleventh ($203 per student) to Mississippi's forty-sixth ($16 per student).

The relationship between region and state student aid effort is a product of many factors, not least of which is that region is correlated with relative size of the private higher education sector. (The private sector has a long history and tends to play a much larger role in the Northeastern and Midwestern states than in the Western states, with the Southern states generally in between). Two factors probably play a large role in the strong relationships between state rankings in private enrollment share and in student aid effort. One is that since private colleges necessarily usually have substantially higher tuition levels than do public institutions, their students tend to "need" more aid to cope with these higher costs,

* For purposes of this paper, the "Plains" states are Kansas, Nebraska, North Dakota, and South Dakota. The rest of the country is divided into four regions—East, Midwest, South, and West—based on common usage.

so the aid programs tend to be larger in states with a larger proportion of private sector students. Second is that states with relatively large private sectors probably tend to have more politically influential independent college lobbies in their state capitals and a primary concern of these lobbies is student aid program appropriations (as is suggested by Table 1).

Table 5 looks more directly at state student aid as it affects independent higher education by ranking the states according to a measure of 1987-88 estimated state student aid *payout to private sector students per FTE student in that sector.* (The dollar amounts per FTE student are shown in column 3 of this table.) Several important caveats regarding the data are necessary, however. First as explained earlier, the NASSGP data include a small percentage of private vocational/technical and nursing school students (hence the term "private" rather than independent sector), and the NCES enrollment data include students at the relatively small number of degree-granting proprietary schools. Since state-by-state figures separating out the private vocational and nursing school students and the aid they receive were not available, column 4 of the table simply indicates for each state whether such students are eligible for any state student aid. Clearly where this sector's share of aid is substantial, the dollars per private student figures and associated ranking for a state must be used with caution.

Second, following NASSGP, the table reports only on estimated *need-based* state aid to private sector undergraduates. NASSGP reports estimated aid distributions by sector only for need-based aid, so it was not possible to include non-need-based state student grant aid in a sector-specific analysis. Nationwide, need-based aid is about 80% of the state aid total (Reeher and Davis 1988:1). Of course, non-need-based aid (such as merit-based aid, incentive aid to students studying specific fields, and "tuition equalization" grants to all students attending private

institutions) may be a much larger percentage of the total in individual states. To at least signal that non-need-based aid is significant in a state, column 5 indicates whether or not such aid represents more than 20% of the state aid total reported to NASSGP. As with the data for states with significant private vocational/technical and nursing school involvement in state aid programs, the figures in Table 5 and the associated state rankings must be used with some caution for states with large-scale non-need-based aid that reaches private sector students.

The associations seen in Table 4 between state ranks on student aid effort measures on the one hand, and region and rank in private share of state enrollment on the other, persist here but are somewhat less strong. (Of course, Table 5 shows a measure of state student aid effort specifically directed at the private sector and excludes non-need-based aid, unlike Table 4.) The upper ranks on this measure are still dominated by Northeastern and Midwestern states with relatively large private enrollment shares (though some individual states' ranks are significantly different from those in Table 4), and the lower ranks largely by Western and Plains states with mostly small private sectors, with the Southern states again mostly in between. There are more exceptions, however. South Carolina rises to the top among the states in need-based aid per private sector undergraduate, and if non-need-based "tuition-equalization" programs exclusively for private sector students present in several other Southern states were included, they too would rank considerably higher. As it stands, the correlation (Spearman coefficient) between the state rankings on aid per private sector student shown in Table 5 and the rankings on private enrollment share (shown in Table 4, column 2) is .43—a substantial correlation, but well below the .72 correlation between state rankings on *total* undergraduate aid per FTE and rankings on private sector enrollment share.

Again, only a small number of states (ten) exceed the national mean figure of $330 in need-based aid per student to private sector students because a few large states spend large sums per student, thus lifting the overall average. Fully 26 of the 51 states (including D.C.) spent less than $100 per FTE private sector student. By all measures then, the range in state student aid effort, a key concern of independent colleges and universities, is very large, and in a number of states state aid available to private institutions and students is meager indeed.

Table 6 indicates the independent sector association representatives' responses on the ECS survey (Zumeta 1988b) as to the factors that affect state student aid appropriations in their states. Responses are listed from the highest to lowest frequency based on column 3, which shows the total number and percentage of respondents who indicated the factor was relevant, whether by formula or not, in their state. Not surprisingly, the state's fiscal health is the most commonly-mentioned factor (mentioned by 81% of respondents), followed by independent sector lobbying efforts (75%), and level of appropriations to public institutions (61%). Only about half (or less) indicated that such direct indicators of need as anticipated level of federal student aid available (53%), level of student educational costs (50%), perceptions of unmet need among those receiving awards (44%), and applicant numbers in excess of funds available (42%) were relevant factors. Significantly, perceptions of the independent sector's fiscal health (31%) and cost of instruction at private institutions (28%) were near the bottom of the list. The conclusion seems to be that factors not directly related to need for aid are the most common ones at work in determining state student aid appropriations and, not surprisingly, that direct concerns about aid appropriation impacts on the private sector are relatively uncommon.

Before leaving the topic of student aid, it should be noted that state student aid effort is associated with other state policies vis-à-vis the independent sector, and that these relationships will be discussed in the sections on each of the other types of policies. Finally, it should be noted once again that state student aid policies are very important to independent sector interests as some of these institutions face real difficulty successfully competing for students as public/private tuition gaps widen and federal aid funds fail to keep up. Laissez-faire state policies in this and other areas will not be in the public interest either if they allow serious capacity erosion in the independent sector shortly before substantial new enrollment demands will confront higher education in many states.

Direct State Payments to Independent Institutions

The survey conducted for the Education Commission of the States (ECS) sought to fill a serious gap in the data on state policies affecting the independent sector by querying SHEEO agencies about programs that provide state funds directly to private colleges and universities and about their funding levels. Included are contracts for enrollment-spaces and various other kinds of programmatic support. Excluded are programs where the funds must be used by the institution only for student aid. It is believed that data was obtained from all the states that had such programs at the time of the survey and funding histories back to 1980-81 in many cases, and back to 1975-76 in some, were obtained. Only a few highlights will be presented here. (See Zumeta, 1989 for a full report of the data.)

Table 7 arrays the states with and without direct payments to independent institutions by region of the country. A total of 21 states had one or more programs on the books at the time of the survey, though two had not provided any funds to independent colleges and universities in 1987-88. The majority of states in the

Northeast and South make such payments, five of the 12 Midwestern (including Plains*) states do, but none of the 13 Western states do. (Note that Oregon's Purchase of Educational Services from Independent Colleges program is classified as a student aid program.) Table 8 shows the number of distinguishable "programs" of direct payments to independent institutions in states that have such payments. Note that most of the states with programs (15 of the 21) have more than one. (Note also that the term "program" is used here in its functional rather than its official sense, as a way to identify and classify appropriations for different purposes.)

Table 9 shows the scale of direct state payments to independent colleges and universities, based on expenditure levels in 1987-88. The ten states with relatively large funding levels (greater than $5 million) are all populous states, and the majority have old and relatively large independent higher education sectors. With the exception of the two large Southern states, Texas and Florida, all of these larger-spending states are in the Northeast or Midwest. Also, all ten had more than one program of state payments to independent institutions.

Table 10 organizes the programs involving direct state payments to independent institutions by purpose or type of support. Significantly, only six states provide general-purpose institutional support to independent institutions. All six are in the Northeast or Midwest, and in all but one case (Michigan, at just under $4 million) funding for this program exceeded $13 million in 1987-88. As Table 10 shows, the most common types of state programs are those that provide support to independent institutions for educational programs in specific fields. Many, but not all, of these efforts involve formal contracts between the state and independent institutions. By far the most common fields so supported are the health professions

* None of the four Plains states has such programs while five of the other eight Midwestern states do have them.

(especially medicine, dentistry, and nursing), where 14 states reported 22 identifiable programs. Most of the state programs providing support in these fields were initiated in the 1970s or earlier when demand for physicians and dentists was strong and states sought ways of meeting the demand without building costly new facilities at public universities. Now, as demand in these fields has slackened, state support for these programs has leveled off or decreased in recent years in most of the states with them. (See Zumeta, 1989, for more detailed analysis.)

In the third category in Table 10, state support for educational programs at independent institutions in fields other than the health sciences/health professions, new programs have been emerging in recent years, and state funding has been growing modestly overall. The table shows 12 programs operating in as many states. The most common fields targeted for state support are teacher education and engineering, but the range of fields supported across the 12 states is diverse. Funding levels in this program category tend to be substantially lower than in the health sciences/health professions category.

Another area of growing state support in recent years is research and technology-oriented programs, where the survey documented ten identifiable programs of support to independent colleges and universities in seven states. Like the programs for disadvantaged students (six programs in six states), these programs are usually components of a larger state program or thrust in the area which supports efforts at public institutions as well. As the table shows, there are also a few programs in various states providing state funds directly to independent institutions for capital projects, cooperative ventures with other educational institutions, endowed chairs, instructional quality improvement, and various other activities. (Note especially New Jersey, which has supported a diverse range of activities.)

Table 11 indicates when the programs on the books as of mid-1988 were established. Eleven were established before 1970, and another eighteen during the 1970s. Ten were established between 1980 and 1984, and seventeen since 1985. While suggestive, this does not necessarily prove there has been an increasing rate of initiation of new programs in recent years, since the figures do not include programs initiated in earlier years but terminated before 1988. It does show that many of the programs currently in existence are of fairly recent origin.

Table 12 shows that in less than half the programs providing state funds to independent colleges and universities are they the only eligible recipients. Independent institutions alone are eligible in 27 programs in 14 states. Public and independent schools are eligible in 26 cases in 16 states, and public, independent and proprietary institutions alike are eligible in five programs in three states. These data suggest that in many cases state funds received by independent institutions may be less "institutional aid" than payments to competitive suppliers of services in the marketplace.

In only one-fifth of the programs the ECS survey identified where states make direct payments to independent institutions are formal contracts between the state and the institution involved. In all these cases, the contracts call for the institution to provide a certain number of enrollment spaces (or degree outputs) in return for the state funds. Also, states can link funding to enrollment or degrees by less formal means than contracts as they often do in budgeting for public institutions. Thus, Table 13 shows that there are more capitation-based funding arrangements without formal contracts (16) than with them (11).

The SHEEO agency respondents to this part of the survey were asked, for each program providing direct state payments to independent institutions, how

important continued funding of the program, at least at current levels, was to the health of the independent sector. The results are shown in Table 14. By far the most common response was that the program in question was "important but not essential" to the health of the state's independent sector (51% of responses to the question, 41% of all programs). About 19% of those who responded to the question (11% of all programs) judged the program's current funding "essential" to the health of the independent sector, and another 10% (6% of all programs) saw it as "essential for some institutions." Significantly, among the six state programs providing general institutional support to independent institutions, three were judged essential by the SHEEO agency respondent, and one was judged essential for some institutions. For the other major types of programs, the percentage distribution of responses was similar to that shown in Table 14, i.e., the preponderant view was that these programs were important but not essential to the health of the independent sector.

Finally, Table 15 shows that high student aid effort states are much more likely than low effort states to have one or more programs providing state funds directly to independent institutions for purposes other than student aid. This is the first step in showing that different state policies affecting independent institutions are related, perhaps in the ways outlined earlier in the discussion of state policy postures toward the independent sector.

Involvement of the Independent Sector in Statewide Planning

In any state where independent higher education capacity is at all significant, it makes sense for this sector to be taken into account in state higher education planning. The obvious way to do this is to involve appropriate representatives of the independent sector formally in state planning, at least on specific issues that clearly affect them, and perhaps also via formal membership on permanent bodies

responsible for planning or for overseeing it. The idea is to insure that the state understands and takes appropriate advantage of the potential of its independent colleges and universities in such areas as enrollment capacity, specialized academic programs, service to particular geographic regions, specialized research capacity, library and computing network cooperation and the like. Where independent institutions are able and willing and mutually satisfactory financial arrangements can be negotiated, citizens may get better service from higher education this way and/or the state may save money. But these benefits are unlikely to emerge if the independent sector is not at the table when state planning is occurring.

Table 16 shows substantial agreement among state higher education agency and independent sector representatives as to the general level of independent sector involvement in state planning* in the respondent's state. Overall, independent sector involvement might be characterized as moderate, since less than 20% of the respondents in each category reported extensive involvement but less than 10% reported no involvement at all. The table shows that the most common responses among both respondent groups were "Somewhat involved" and "Occasionally involved."

Table 17 shows the most important reason cited by respondents for lack of extensive independent sector involvement (in states where such involvement had previously been characterized as less-than-extensive). Here, notable differences are evident in the perceptions of the two respondent groups. The state officials (SHEEOs) were much more likely to say that the independent sector does not desire

---

* State higher education planning was defined on the survey instrument as follows: "Definition: For purposes of this survey, the term 'state planning' should be understood to encompass *statewide* (and intrastate regional) master planning, long-range planning, strategic planning, and the like, *as well as state planning for specific issue areas with potential multi-campus implications*, such as high-cost academic programs and research equipment, telecommunications, computing, libraries, and economic development-related initiatives, to name a few possible examples."

more involvement or does not see most state planning as relevant to it. Few of the state independent sector representatives gave these responses; instead the majority of them (58%), compared to one-third of the SHEEOs, indicated that the most important reason for lack of extensive involvement was that, "State legislators/officials traditionally look to public higher education to meet state needs without seriously considering the independent sector." This commonly-held difference in perspectives could be having important objective effects in limiting unnecessarily independent sector involvement in and thus contribution to state efforts to keep up with public needs in higher education.

Table 18 indicates the issue areas in which the SHEEO respondents said that the independent sector had been involved in state planning over the last five years. Notice that on no issue did as many as a third of these respondents report "extensive" or "substantial" independent sector involvement in state planning. These would seem to be rather small proportions, considering the number of states with substantial independent higher education sectors. For nearly all the issue areas, independent sector representatives (not shown in table) were even less likely than the SHEEO respondents to report extensive or substantial independent sector involvement. The differences between the two respondent groups were not notably large except in the case of planning for high-cost or limited-demand academic programs, where only 8% of independent sector association executives saw extensive or substantial independent sector involvement, versus 28% of SHEEO respondents.

Independent sector involvement in state planning tends to be more extensive in Northeastern and Midwestern states than in other regions, while the Western and Plains states most commonly report occasional or no involvement. Also, there is a relationship between involvement in state planning and the relative size of the

private sector with SHEEOs from states with a private sector enrollment share below 15% much less likely to report that the independent sector is extensively or somewhat involved (Table 19). Moreover, all three of the SHEEOs who reported no independent sector involvement were from such states. Note that these patterns with respect to region and private market share are very similar to those already seen in relation to state student aid effort and the existence of programs providing direct state payments to independent institutions.

As to direct relationships between these state policies and independent sector involvement in state higher education planning, Tables 20 and 21 give evidence of relationships between such involvement in planning and both state student aid effort and the existence of programs providing direct payments to independent institutions. This is further evidence then that state policies toward the independent sector tend to be related.

Academic Program Review Policies

While state review of independent sector programs or new program proposals is significant in a few states, the main independent sector concern in the vast majority is with its role in state review of *public* institutions' programs (and related matters like new campus or program locations, missions and even courses). Hence, this section focuses on state review of public sector programs and proposals as these processes involve or are of concern to the independent sector. (State review of independent sector programs, missions, locations, etc., is a topic for subsequent research using the ECS survey database.)

Independent sector interests argue that, even assuming equal program quality, they are at an unfair disadvantage in head-to-head competition with nearby public institutions offering similar programs since public schools can charge much

lower tuition rates due to their public subsidy.* This is an issue of great concern in states where high-school-graduate numbers are down sharply and independent institutions are fighting a widening public/private tuition gap. It becomes a state policy issue because state authorities, whether the higher education agency, the finance department or the legislature, can influence the establishment of new programs (or campuses or off-campus centers) and even the status or size of existing ones in the public institutions. It makes some sense that state authorities play a role here if they value the potentially threatened independent sector capacity for some of the same reasons that they seek to monitor and control duplication of like programs within the public sector: state needs may not justify the use of scarce public funds for multiple programs in similar fields.

Independent institutions, or their sectoral representatives, are sometimes permitted to play a role in the process of state review/approval of public institution programs, locations, missions, etc. Such participation may involve nothing more than having informal access to higher education agency staff members to express their views, or it may go all the way to formal membership on program review teams. Table 22 gives an indication of how common it is for independent sector representatives to enjoy some form of participation in reviews of public sector programs and the like. Note that the table also shows at least a small difference in perceptions about this between state higher education agency officials and independent sector representatives, probably reflecting different views about whether "participation" is meaningful enough to be mentioned or not. In any case

* Public institutions can of course respond that independents' offerings are not as accessible to students because of higher tuition charges. In specific cases, they may also argue that a nominally duplicative public sector program is actually distinct in emphasis from or of higher quality than the independent sector program which it would allegedly duplicate.

the proportion of states where there is some such participation by the independent sector appears to be in the 40-50% range.

Also of importance to independent institutions is inclusion of independents' offerings as an explicit criterion in state reviews of public college offerings or proposals. That is, does duplication of independent sector offerings work against approval or continuation of similar programs in the public sector? Here the difference in perceptions between the two respondent groups as to whether such a criterion is employed is quite sharp (Table 23), particularly with respect to reviews of new programs in the public sector. As with the sharp difference in perceptions between the SHEEOs and the independent sector representatives as to the reasons for less-than-extensive independent sector participation in state planning (Table 17), this difference suggests that it may be time for some state agencies to reexamine assumptions about some of their policies and procedures that impact the independent sector.

The relationships between these and other indicators of state program review policies and other state policies that affect the independent sector have yet to be much explored. Tentatively, it appears that the regional patterns and relationships between policies in this issue area and other policies affecting the independent sector are similar to those reported earlier but are somewhat weaker.

Intersector Cooperation

This topic is closely related to independent sector involvement in state planning. The argument for seeking basically cooperative intersector relations is analogous to that for involving the independent sector in state planning: both increase the chances that the state will get the full benefit of the resources available in its higher education system, private as well as public. Generally cooperative

intersector relations facilitate interinstitutional joint efforts on specific issues (e.g., complementary academic program development, crossregistration of students, joint research, integrated computing networks, complementary library development and so on) that may either enhance service, reduce costs or both. Moreover, intersector conflict is unseemly and probably reduces support for all of higher education in the eyes of the public and legislators (Gardner, Atwell and Berdahl, 1985).

On the ECS survey, state independent sector association executives were asked about the general level of cooperation between public and independent sectors in their states (Table 24). Of the 36 who responded to this question, 13 (36%) said relations were generally cooperative and 20 (56%) said they were mostly cooperative but sometimes conflict-prone. Only two respondents found relations mostly conflict-prone but sometimes cooperative, and just one reported generally conflict-prone relations. For purposes of subsequent analysis, these latter two response categories are grouped together.

Table 25 crosstabulates these responses against the same respondents' indications as to the presence or absence in their states of certain mechanisms generally thought to facilitate intersector cooperation. Several observations from this table are noteworthy. First, the three states with conflict-prone intersector relations have virtually none of the facilitative mechanisms. This seems to suggest that at least some of the mechanisms may make a difference (as well as that it may be hard to put them in place in a state with generally poor relations at the outset). Two mechanisms are more common in the states with generally cooperative relations (left hand column) as compared to the states with more mixed relations (middle column). The presence of a formal association of public and independent institutions *with staff* is much more likely in states with more cooperative relations (46% vs. 10%); and regular meetings of high-level institutional representatives

(usually presidents) from each sector are somewhat more prevalent in more cooperative states (69% vs. 55%).

While of course not proof of causation these findings are consistent with those of Gardner, Atwell and Berdahl (1985) and Zumeta and Mock (1985), who found that regular, officially-aided (though sometimes informal) interaction and communication among institutional leaders was a key to constructive intersector relationships. Another element these earlier studies found to be important, not surprisingly, was motivated and persistent institutional, sectoral and state agency leadership. More obvious mechanisms like membership on joint study groups or advisory boards and legislative mandates or funds for cooperation, which may be equally or even more common in the less cooperative states (see table), may be less effective, second-best choices for this purpose.

As Table 26 shows, generally cooperative relations are most common in the Midwest while largely conflict-prone relations occur only in the West and Plains states with the Northeast and South reporting a preponderance of states in the "Mostly cooperative but sometimes conflictive" category. Table 27 shows a positive relationship between private sector enrollment share and more cooperative relations, Table 28 shows a similar relationship between such relations and state student aid effort, and Table 29 shows a relationship between more cooperative relations and the presence of one or more programs providing state funds directly to independent institutions. While none of this proves causation it does at a minimum give evidence that providing state funds to private institutions need not be incompatible with generally cooperative relations. Further research and analysis may lead to the stronger conclusion that at least some state programs involving institutions from both sectors may actually promote better intersector relations, a desirable end in itself from almost any perspective.

Public Sector Tuition Policy and the Private Sector

Recall that this topic was the second most frequently mentioned by state independent sector association executives when they were asked in the 1988 ECS survey which three state-level policy issues facing independent institutions in their states were most important at present (Table 1). Why do independent institutions see someone else's pricing structure as so important to them? The reason is that independent schools compete with much lower-priced public colleges for students and have to be increasingly concerned about the results of this competition in an era when their tuition levels have been growing more rapidly than those in the public sector and more rapidly than family incomes (Lewis 1988) at the same time that the traditional demographic base for college enrollments has been relatively flat for some years.*

The author's recent survey for ECS did not touch upon tuition policy beyond what is mentioned above because other survey work on this topic has recently been done (State Higher Education Executive Officers 1988). According to data from this survey, public policy toward public college and university tuition pays little explicit attention to its effects on independent institutions. When asked which of a number of possible rationales were used by tuition and fee-setting bodies in the state to justify increases in public campus tuition, only two of forty-one state higher education executive officer respondents indicated that "to narrow the gap between public and independent institutions" was even occasionally used as a rationale. Moreover, 95% of these respondents indicated on another item on this survey that they agree or strongly agree, "tuition in the public sector should be set on its own

* Astin and Inouye (1988) have shown empirically that public sector tuition movements do significantly affect enrollments in certain types of private institutions in the same state.

merits and not specifically to aid independent institutions." Important drivers of public tuition policy, according to the higher education agency heads, are efforts to encourage access via low tuition (84% agree or strongly agree), amount of state appropriations available (59% agreement), and recent declines in state support (53% agreement). Thus a picture emerges from this survey of a majority of states seeking to serve access goals via low public college tuition, but raising tuition somewhat reluctantly when other demands on the state treasury lead to inadequate state support for these institutions. Impacts on the independent institutions are rarely taken into account in public tuition policy, and the result in many states is that independent institutions have faced substantial periods where their own costs (and therefore prices) have increased with inflation while their competitors have been able to avoid raising prices significantly.

But there have been other, partially offsetting, trends in public tuition policy in recent years. Nearly half the SHEEO respondents (49% agreement) said that "tuition and fee increases in recent years have been a part of conscious strategy to increase the quality of education." Similarly, 49% agreed that recent tuition and fee increases have been part of a conscious state policy to increase the share of costs borne by students. Thus, in some states at least, explicit policy thrusts have placed upward pressure on public college tuition. Finally, an appreciable minority of states see tuition and student aid policies as appropriately linked. Thirty-eight percent of the SHEEO survey respondents (i.e., 17 states) said that student financial aid policy in their state is closely linked with tuition and state appropriations. This makes obvious sense in terms of insuring that both access and quality goals are adequately attended to.

A number of states now have a statutory linkage between public institution tuition and fee levels and some measure of instructional costs (i.e., tuition is set at a

fixed percentage of costs) or, alternatively, between tuition and some measure of national or peer institution trends in tuition. (A few, such as Washington, go further and link state student aid funding increases to formula-driven tuition growth). Aside from their other advantages, such arrangements are likely to be superior from a private sector perspective to the pattern of several years with little or no public tuition growth followed by an occasional large jump, since they provide both more predictability and near-guarantees of an upward trend of the competition's prices. The SHEEO survey results strongly suggest, however, that politically the independents' best strategy may be to emphasize the broader policy rationales for regularizing public sector tuition and fee growth, not strictly the benefit for themselves.

Public sector tuition policy is such a key issue affecting the independent sector that further exploration of its relationships to other state policies touching upon this sector and, eventually, of its impacts on independent sector enrollments, enrollment demographics, tuition-setting, etc., must be a high priority for further research. In particular, relationships between the linkage policies described and other state policies and outcomes need to be explored, as well as the relationships between the public/private tuition gap and trends in it in the states and the presence or absence of such policies and impacts.

Conclusion

This paper has sought to achieve several purposes. First, it has sought to sketch the nature of the problems states face in respect to their private higher education sectors and has presented some recently-collected data on state policy responses and their correlates. Second, it has presented some preliminary evidence that state policies that affect the independent sector, while seemingly disparate,

actually tend to be related. This is a key first step in developing empirically-grounded conceptions of state policy postures and their origins. A third purpose of the paper was to give some idea of what such postures might look like, though the ideas presented in that section are largely conceptually rather than empirically grounded. Finally, the paper refers to some of the policy outcomes, such as independent sector enrollments, enrollment shares and enrollment demographics, private institution tuition-setting behavior, indicators of independent sector fiscal health, and of public/private sector relations that must be of concern in future policy research. Ultimately, the goal would be to relate such outcomes not only to individual policies but also to state policy postures, and these in turn to both more and less alterable variables relating to their origins (e.g., private enrollment share, region, state constitutional provisions, state wealth, overall state tax effort, state higher education governance arrangements). In this way it might eventually be possible to propose policies or variants for different types of states that have both prospects for achieving desired impacts and are realistic in their institutional context.

REFERENCES

Astin, Alexander W., and Carolyn J. Inouye. "How Public Policy at the State Level Affects Private Higher Education Institutions." *Economics of Education Review* 7:1 (1988) 47-63.

Blumenstyk, Goldie, and Christopher Myers. "For Most, Cost of Going to College Outpaces Inflation Again"; U.S. Probes Tuition and Student Aid on 20 Private Campuses." *Chronicle of Higher Education* (August 16, 1989).

Breneman, David W., and Chester E. Finn, Jr., eds. *Public Policy and Private Higher Education*. (Washington, DC: Brookings Institution, 1978).

Chronicle of Higher Education 1989a (reference incomplete).

Chronicle of Higher Education 1989b (reference incomplete).

Evangelauf, Jean. "Tuition Rises 7 Pct., Outruns Inflation for 8th Straight Year." *Chronicle of Higher Education* (August 10, 1988).

Gardner, John W., Robert H. Atwell, and Robert O. Berdahl. *Cooperation and Conflict: The Public and Private Sectors in Higher Education.* AGB Special Report. Washington, DC: Association of Governing Boards, 1985.

Lewis, Gwendolyn. *Trends in Student Aid: 1980 to 1988.* New York: The College Board, 1988.

National Institute of Independent Colleges and Universities. "Report on Selected Financial Trends in the Independent Sector of American Higher Education." Prepared for meeting of the Education Commission of the States Task Force on State Policy and Independent Higher Education. San Francisco, CA, November 17, 1988.

Reeher, Kenneth R., and Jerry S. Davis. *19th Annual Survey Report 1987-88 Academic Year.* Harrisburg, PA: National Association of State Scholarship and Grant Programs, 1988.

Spence, David S., and George B. Weathersby. "Changing Patterns of State Funding." In James R. Mingle and Associates, eds., *Challenges of Retrenchment*, San Francisco: Jossey-Bass, 1981.

State Higher Education Executive Officers "Survey on Tuition Policy, Costs and Student Aid." Denver, CO: SHEEO, 1988.

Thompson, Fred, and William Zumeta. "A Regulatory Model of Governmental Coordinating Activities in the Higher Education Sector." *Economics of Education Review* 1:1 (1981), 27-52.

Wilensky, Rona. *Trends in the Public and Independent Sectors of Higher Education* PS-88-1W (Revised). Denver, CO: Education Commission of the States, 1988.

Zumeta, William. *A Framework for Analysis of State Policy and Independent Higher Education.* (Denver, CO: Education Commission of the States, 1988a).

Zumeta, William. *State Policies and Independent Higher Education: A Technical Report.* (Denver, CO: Education Commission of the States, 1989, in press).

Zumeta, William. "Survey of State Policies That May Affect Independent Colleges and Universities." Denver, CO: Education Commission of the States, 1988b.

Zumeta, William, and Kenneth C. Green. "State Policies and Independent Higher Education: A Conceptual Framework and Some Empirical Findings, Or Can the States Help the Private Sector Survive?" Paper presented at the annual meeting of the Association for the Study of Higher Education, San Diego, CA, February 1987.

Zumeta, William, and Carol Mock. "State Policy and Private Postsecondary Education: A Preliminary Research Report." Paper presented at the annual meeting of the Association for the Study of Higher Education, Chicago, IL, March 16, 1985.

TABLE A

Responses to ECS Survey of State Policies That May Affect Independent Higher Education.

State	Respondent Group SHEEO	IND	State	Respondent Group SHEEO	IND
Alabama	X	X	Montana	X	N
Alaska	X	X	Nebraska	X	X
Arizona	X	X	Nevada	X	X
Arkansas	X	P	New Hampshire	X	N
California	X	X	New Jersey	X	X
Colorado	X	X	New MeXico	N	X
Connecticut	N	X	New York	X	N
Delaware	X	N	North Carolina	X	X
D.C.	P	N	North Dakota	X	N
Florida	X	P	Ohio	X	X
Georgia	X	X	Oklahoma	X	X
Hawaii	N	X	Oregon	X	X
Idaho	X	N	Pennsylvania	X	X
Illinois	X	X	Puerto Rico	X	N
Indiana	X	X	Rhode Island	X	N
Iowa	X	X	South Carolina	X	X
Kansas	X	X	South Dakota	X	X
Kentucky	X	X	Tennessee	X	X
Louisiana	X	X	TeXas	X	X
Maine	P	N	Utah	X	N
Maryland	X	X	Vermont	X	X
Massachusetts	X	X	Virginia	X	X
Michigan	X	X	Washington	X	X
Minnesota	X	X	West Virginia	X	N
Mississippi	X	X	Wisconsin	X	X
Missouri	X	X	Wyoming	X	N/A

Source: William Zumeta, Survey of State Policies that May Affect Independent Higher Education, Education Commission of the States, 1988.

X Complete or substantially complete response.

P Partial or very limited response.

N No response.

N/A Not applicable; no independent nonprofit colleges.

TABLE 1

In Your View, What Are the Three Most Important State-Level Policy Issues Facing Independent Institutions Today? (List up to Three Issues.)

(N=38; independent sector representatives who responded to this question only)

State Policy Issue	Mentions
State student aid policy/funding	21
Public institution tuition/tuition policy	11
Direct state aid (institutional aid)	6
Independent sector share of state budget	5
Autonomy of independent institutions	5
Program / course duplication	4
State tax policy	4
State recognition of independent sector role	4
Need for state capital assistance	3
Public sector competition/independent sector enrollment decline	3
Distribution of educational/tuition costs	2
Improving K-12 education	2
Prepaid tuition policy	2
Quality	2

Source: William Zumeta, Survey of State Policies that May Affect Independent Higher Education, III(22), Education Commission of the States, 1988.
Note: Eighteen other issues were each mentioned once by the thirty-eight respondents to this question.

TABLE 2

Trends in Student Aid, 1980-81 to 1987-88

Total amounts, in millions of dollars, not adjusted for inflation

By supported programs Tally available aid	Academic Years 1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87*	1987-88*	Percent change 1980-81 to 1987-88
Grants	$2,387	$2,299	$2,418	$2,782	$3,033	$3,567	$3,443	$3,739	+ 56.6%
lemental Educational Opportunity Grants	388	382	343	381	374	410	400	396	+ 7.7%
Student Incentive Grants	77	77	74	80	78	78	73	78	+ 1.3%
ge Work Study	880	824	815	883	845	856	841	885	+ 0.7%
ns Loans	694	580	587	682	677	703	784	853	+ 23.0%
me-Contingent Loans	0	0	0	0	0	0	0	5	—
ord Student Loans	6,200	7,150	6,497	7,290	8,143	8,328	8,330	8,976	+ 44.8%
plemental Loans for Students	0	16	78	146	221	285	482	1,776	—
nt Loans for Undergraduate Students	3	57	122	171	244	246	307	517	+ 17,133.3%
otal	10,388	11,184	10,744	12,155	13,414	14,251	14,419	17,002	+ 63.7%
ally directed aid									
al Security	1,883	1,996	733	220	38	0	0	0	− 100.0%
rans	1,714	1,351	1,356	1,148	1,002	849	780	773	− 54.9%
ary	203	235	289	301	333	346	364	359	+ 76.7%
r grants	125	109	89	85	84	88	84	72	− 42.1%
r loans	62	109	216	283	327	372	315	234	+ 277.2%
otal	3,988	3,799	2,682	1,996	1,780	1,835	1,824	1,440	− 63.9%
federal aid	14,376	14,983	13,406	14,151	15,174	15,887	15,943	18,442	+ 88.3%
grant programs	801	821	1,006	1,106	1,222	1,311	1,432	1,540	+ 92.3%
tionally awarded aid	2,060	2,247	2,507	2,861	3,221	3,874	4,056	4,565	+ 121.6%
federal, state, and institutional aid	$17,237	$18,130	$16,918	$18,137	$19,616	$20,871	$21,431	$24,547	+ 42.4%

Total amounts, in millions of constant 1982 dollars

ally supported programs rally available aid	Academic Years 1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87*	1987-88*	Percent change 1980-81 to 1987-88
Grants	$2,660	$2,358	$2,377	$2,648	$2,768	$3,163	$2,986	$3,116	+ 17.1%
plemental Educational Opportunity Grants	410	371	337	342	341	364	347	330	− 19.5%
e Student Incentive Grants	86	79	72	57	69	67	63	63	− 26.2%
ege Work Study	736	640	604	648	589	682	586	564	− 24.7%
ans Loans	773	595	587	647	618	623	663	711	− 8.0%
me-Contingent Loans	0	0	0	0	0	0	0	4	—
ford Student Loans	6,910	7,332	6,387	6,884	7,431	7,385	7,226	7,481	+ 8.3%
plemental Loans for Students	0	16	77	137	201	235	401	1,480	—
nt Loans for Undergraduate Students	3	58	120	162	223	218	266	431	+ 14,266.7%
otal	11,577	11,449	10,561	11,525	12,241	12,638	12,507	14,171	+ 22.4%
ally directed aid									
al Security	2,099	2,047	721	209	32	0	0	0	− 100.0%
rans	1,911	1,385	1,333	1,088	915	753	677	645	− 66.3%
ary	227	241	285	285	304	307	316	299	+ 32.1%
r grants	140	112	87	82	58	60	58	60	− 55.2%
r loans	69	111	212	280	298	330	273	195	+ 182.0%
otal	4,445	3,896	2,617	1,883	1,806	1,450	1,322	1,200	− 73.0%
federal aid	16,022	15,345	13,178	13,417	13,847	14,088	13,829	15,370	− 4.1%
grant programs	893	945	989	1,048	1,115	1,162	1,242	1,284	+ 43.8%
tionally awarded aid	2,296	2,304	2,464	2,731	2,939	3,258	3,518	3,805	+ 65.7%
federal, state, and institutional aid	$19,210	$18,593	$16,631	$17,198	$17,901	$18,509	$18,589	$20,459	+ 6.5%

Source: The Chronicle of Higher Education, September 21, 1988, p. A41, from The College Board.

TABLE 3

Sector Shares of State Need-Based Grant Aid to Undergraduates
1983-84 to 1987-88 (Estimated)

Sector Shares of State Aid Awards

Year	In-State Public		In-State Private*	Out-of State
1983-84	59.4%	38.1%	2.0%	
1984-85	59.5	38.6	1.9	
1985-86	60.1	38.0	1.9	
1986-87	61.0	37.1	1.9	
1987-88	61.7	36.2	2.1	

Sector Shares of State Aid Dollars

Year	In-State Public		In-State Private*	Out-of State
1983-84	42.3%	55.3%	1.7%	
1984-85	43.3	55.2	1.5	
1985-86	41.3	57.1	1.5	
1986-87	42.6	55.9	1.5	
1987-88	45.4	53.1	1.5	

Source: National Association of State Scholarship and Grant Programs, 19th Annual Survey Report: 1987-88 Acadmic Year, p.12.

* Includes some students from degree-granting proprietary instituitions.

TABLE 4

States Ranked by 1987-88 Estimated State Grant Dollars Per Undergraduate Full-Time Equivalent Enrollment (Fall 1985) and Rankings in Private Sector Share of State Enrollment, by State

State	Undergrad. State Grant Aid per Undergrad. FTE Enrollment	Rank in Private Sector Share of State Enrollment
1. New York	$571	5
2. Vermont	$363	7
3. Minnesota	$352	19
4. New Jersey	$339	23
5. Illinois	$307	15
6. Massachusetts	$301	2
7. Pennsylvania	$267	6
8. Iowa	$236	13
9. Connecticut	$227	8
10. Indiana	$222	18
11. North Carolina	$203	24
12. Rhode Island	$193	3
NATION	$188	18-19
13. Wisconsin	$173	35
14. Michigan	$170	28
15. Ohio	$166	15
15. West Virginia	$166	36
17. Texas	$160	37
18. South Carolina	$154	25
19. Colorado	$139	39
20. Oklahoma	$129	32
21. Georgia	$128	17
22. Kentucky	$121	20
23. California	$107	30
23. Florida	$107	22
23. Tennessee	$107	14

Source: National Association of State Scholarship and Grant Programs, 19th Annual Survey Report: 1987-88 Academic Year, Table 27, pp. 146, and Center for Education Statistics, Digest of Education Statistics, 1987, Table 123, pp. 142.

(cont'd)

TABLE 4 (cont'd)

States Ranked by 1987-88 Estimated State Grant Dollars Per Undergraduate Full-Time Equivalent Enrollment (Fall 1985)and Rankings in Private Sector Share of State Enrollment, by State

State	Undergrad. State Grant Aid per Undergrad. FTE Enrollment	Rank in Private Sector Share of State Enrollment
26. Virginia	$ 97	26
27. Oregon	$ 94	31
28. Utah	$ 82	10
29. Arkansas	$ 72	27
30. Washington	**$ 69**	**33**
31. Missouri	$ 67	11
32. Maryland	$ 64	29
33. Alabama	$ 62	41
34. Kansas	$ 54	42
35. Delaware	$ 45	43
36. Maine	$ 42	9
37. New Hampshire	$ 41	4
38. New Mexico	$ 32	47
39. South Dakota	$ 26	12
40. D.C.	$ 25	1
41. Alaska	$ 20	47
42. Hawaii	$ 19	40
43. Arizona	$ 18	44
43. Louisiana	$ 18	38
43. North Dakota	$ 18	49
46. Mississippi	$ 16	45
47. Montana	$ 14	46
47. Nebraska	$ 14	34
49 Idaho	$ 13	21
50. Wyoming	$ 11	51
51. Nevada	$ 10	49

Source: National Association of State Scholarship and Grant Programs, 19th Annual Survey Report: 1987-88 Academic Year, Table 27, pp. 146, and Center for Education Statistics, Digest of Education Statistics, 1987, Table 123, pp. 142.

TABLE 5

Ranking of States by Expenditures on Estimated Comprehensive Need-Based Undergraduate Student Aid to Private*Sector Students Per Private* Sector FTE Enrollment, 1987-88

State	State Private FTE Enrollment (Fall 1985)	Estimated Payout to Priv. Sector Students (Millions of $)	Estimated Priv. Sector Payout Amounts Per FTE Private Student ($)	Students at Private Voc/Tech or Nursing Schools Eligible for Any State Aid?	Significant[4] on-Need-Based Programs in Existence ?
1. S. Carolina	23,980	$16.460	$686.41	No	No
2. Iowa	36,967	24.671	667.38	Yes	No
3. New York	350,744	232.966	664.21	Yes[3]	No
4. Illinois	124,988	80.834	646.73	Yes[3]	No
5. Minnesota	42,283	26.400	624.36	Yes	No
6. New Jersey	44,764	24.773	553.41	No	No
7. California	171,414	81.579[1]	475.92[1]	Yes	No
8. Wisconsin	30,451	13.995	459.59	Yes	No
9. Indiana	49,862	22.177	444.77	Yes	No
10. Kansas	11,433	4.512	394.65	Yes	No
NATION	2,275,652	749.934	329.55		
11. Michigan	159,167	50.244	315.67	Yes[3]	No
12. Pennsylvania	189,242	59.224	312.95	Yes	No
13. Kentucky	26,982	7.816	289.67	Yes	No
14. Vermont	11,170	3.054	273.41	Yes	No
15. New Mexico	1,546	.412[2]	266.43	Yes	No
16. Connecticut	44,596	10.977	246.14	Yes	Yes
17. Ohio	103,541	25.194	243.32	Yes	Yes
18. Texas	79,862	18.627	233.24	No	Yes[5]
19. Tennessee	42,909	9.851	229.58	Yes	No
20. West Virginia	8,359	1.526	182.56	Yes[3]	Yes
21. Massachusetts	192,729	31.220	161.99	Yes	Yes
22. Florida	73,586	11.183	151.97	Yes[3]	Yes[5]
23. Missouri	56,402	8.261	146.47	Yes[3]	No
24. Maryland	23,927	2.674	111.76	Yes	Yes
25. Oregon	16,087	1.797	111.71	Yes[3]	Yes
26. Alaska	645	.062	96.12	Yes	No
27. Oklahoma	19,496	1.739	89.20	Yes	Yes
28. Washington	25,309	2.076	82.03	Yes	Yes
29. Rhode Island	28,989	2.248	77.55	Yes	No

* Private sector state higher education enrollment data includes data on degree-granting proprietary institutions. In addition, payout dollars to private institutions includes dollars to vocational/technica and nursing schools in some states (see column 4).

1 NASSGP revised data for CA after publication of its report. Revised data is shown here.

2 1987-88 data not available. Figures from 1986-87 used.

3 Nursing Schools only.

4 > 20% of total estimated state grant aid in 1987-88 for other than need-based programs = Yes.

5 Non-need-based aid and other aid larger than need-based aid in 1987-88.

Sources: National Association of State Scholarship and Grant Programs, 19th Annual Survey Report: 1987-88 Academic Year, Table 1, p. 14 and Table 11B, pp. 47-48, and National Center for Education Statistics 1987 Digest of Education Statistics, Table 123, p.142.

(co

TABLE 5 (cont'd)

Ranking of States by Expenditures on Estimated Comprehensive Need-Based Undergraduate Student Aid to Private*Sector Students Per Private* Sector FTE Enrollment, 1987-88

State	State Private FTE Enrollment (Fall 1985)	Estimated Payout to Priv. Sector Students (Millions of $)	Estimated Priv. Sector Payout Amounts Per FTE Private Student ($)	Students at Private Voc/Tech or nursing Schools Eligible for Any State Aid?	Significant[4] on-Need-Based Programs in Existence ?
30. Mississippi	8,652	.598	69.12	Yes	No
31. Hawaii	4,937	.330	66.84	No	No
32. Arkansas	10,795	.720	66.70	Yes	No
33. Alabama	18,874	.814	43.13	Yes	Yes[5]
34. Colorado	16,378	.651	39.75	Yes	Yes
35. South Dakota	7,990	.292	36.55	Yes	No
36. Georgia	43,260	1.381	31.92	Yes[3]	Yes[5]
37. Delaware	2,776	.085	30.62	No	Yes
38. Virginia	36,494	1.092	29.92	No	Yes[5]
39. Maine	13,635	.334	24.50	Yes	No
40. North Carolina	55,089	1.221	22.16	Yes	Yes[5]
41. Nebraska	13,925	.250	17.95	Yes	No
42. North Dakota	2,609	.044	16.86	No	No
43. D.C.	51,959	.553	10.64	Yes	No
44. New Hampshire	20,861	.166	7.96	Yes	Yes
45. Montana	2,964	.022	7.42	No	No
46. Arizona	14,130	.097	6.86	Yes	No
47. Idaho	7,900	.031	3.92	Yes	No
48. Louisiana	20,777	.045	2.17	Yes	Yes
49. Utah	29,794	.031	1.04	No	Yes[5]
50. Nevada	229	.000	0.00	Yes	No
50. Wyoming	0	-	-	No	No

* Private sector state higher education enrollment data includes data on degree-granting proprietary institutions. In addition, payout dollars to private institutions includes dollars to vocational/technical and nursing schools in some states (see column 4).

3 Nursing Schools only.

4 > 20% of total estimated state grant aid in 1987-88 for other than need-based programs = Yes.

5 Non-need-based aid and other aid larger than need-based aid in 1987-88.

Sources: National Association of State Scholarship and Grant Programs, 19th nual Survey Report: 1987-88 Academic Year, Table 1, p. 14 and Table 11B, pp. 47-48, and National Center for Education Statistics, 1987 Digest of Education Statistics, Table 123, p.142.

TABLE 6

What factors are relevant in determining state student aid appropriations? (Check all that apply.)

(N=36; independent sector representatives only)

	(1) Relevant but no Formula	(2) Relevant by Formula	(3) Total Relevant (1) + (2)	(4) Not Relevant
	Freq. / %	Freq. / %	Freq. / %	Freq. / %
State's fiscal health	26/72.2	3/7.7	29/80.6	7/19.5
Lobbying efforts of independent colleges*	25/71.4	2/5.7	27/75.0	8/22.9
Level of appropriations for public institutions	13/36.1	9/25.8	22/61.1	14/38.9
Anticipated level of Federal student aid available	11/30.6	8/22.2	19/52.8	17/47.2
Student educational costs*	11/31.4	7/20.0	18/50.0	17/48.6
Perceptions of unmet need among those who receive awards	14/38.9	2/5.6	16/44.4	20/55.6
Applicant numbers in excess of funds available	14/38.9	1/2.6	15/41.7	21/58.4
Costs of instruction at public institutions*	10/28.6	4/11.4	14/40.0	21/60.0
General measures of inflation	12/33.3	2/5.6	14/38.9	22/61.1
Perception of independent sector's fiscal health	10/27.8	1/2.8	11/30.6	25/69.5
Cost of instruction at private institutions	8/22.2	2/5.6	10/27.8	26/72.2
Other	2/5.6	2/5.6	4/11.2	31/88.9

* N=35 For items marked with *

Source: William Zumeta, Survey of State Policies that May Affect Independent Higher Education, III(20A), Education Commission of the States, 1988.

TABLE 7

States Providing Direct Payments to Independent Institutions
(One or more programs "on the books" as of Summer 1988)

	States with direct payments	States without direct payments
NORTHEAST: Region	Maryland	Connecticut
	Massachusetts	Delaware
	New Hampshire	District of Columbia
	New Jersey	Maine
	New York	Vermont
	Pennsylvania	
	Rhode Island	
MIDWEST: Region	Illinois	Indiana
	Michigan	Iowa
	Missouri	Kansas
	Ohio	Minnesota
	Wisconsin	Nebraska
		North Dakota
		South Dakota
SOUTH: Region	Alabama	Arkansas
	Florida	Kentucky
	Georgia	Mississippi
	Louisiana	Oklahoma
	North Carolina	West Virginia
	South Carolina	
	Tennessee	
	Texas	
	Virginia	
WEST: Region	None	Alaska
		Arizona
		California
		Colorado
		Hawaii
		Idaho
		Montana
		Nevada
		New Mexico
		Oregon
		Utah
		Washington
		Wyoming

Source: William Zumeta, Survey of State Policies that May Affect Independent Higher Education, Education Commission of the States, 1988.

TABLE 8

Number of Distinguishable "Programs" of State Payments to Independent Institutions in States with Such Payments

(For program detail, see state by state tables at end of section II.)

States with one "program":	Alabama[1] Georgia Missouri New Hampshire Tennessee Virginia[2]
States with two "programs":	Florida[3] Louisiana North Carolina South Carolina Rhode Island
States with three "programs":	Maryland Massachusetts Pennsylvania Texas
States with four "programs":	Michigan Wisconsin
States with five "programs":	Illinois New York
States with six "programs":	None
States with seven "programs":	New Jersey[4] Ohio

Source: William Zumeta, Survey of State Politics that May Affect Independent Higher Education, II, Education Commission of the States, 1988.

[1]Alabama has one"program" of appropriations which provides funding for five institutions. Since the institutions receiving support are diverse, the state could equally accurately be classified as having five separate support "programs."

[2]Virginia is reporting starting a contracts program in 1988/89. Several independent institutions can receive funding under this program.

[3]Florida has an appropriations "program" and a contracts program. The appropriations program provides funding for various purposes at 7 institutions and the contracts program provides funding for enrollment in diverse programs at 5 institutions. The decision to classify the state as having only two programs is somewhat arbitrary.

[4]New Jersey's Department of Higher Education grants to independent institutions, which are quite diverse and variable from year to year, are here classified as a single program.

TABLE 9

Scale of Direct State Payments to Independent Institutions (1987-88)

States with total payments of more than $100 million:	**New York**
States with total payments of $50-100 million:	**Pennsylvania**
States with total payments of $20-50 million:	**Illinois** **Maryland** **New Jersey** **Texas**
States with total payments of $10-20 million:	**Florida** **Ohio**
States with total payments of $5-10 million:	**Michigan** **Wisconsin**
States with total payments of $2-5 million:	**Alabama** **Georgia** **Massachusetts** **North Carolina** **Tennessee**
States with total payments of $1-2 million:	**Louisiana** **Rhode Island**
States with total payments of $ <1 million:	**New Hampshire** **Virgina**
States with $0 in 1987-'88 but having at least one program "on the books" as of summer 1988:	**Missouri** **South Carolina**

Source: William Zumeta, Survey of State Policies that May Affect Independent Higher Education, Education Commission of the States, 1988.

TABLE 10

Frequency of Types of Programs of Direct State Payments to Independent Institutions

Type of Program	# of such programs	# of states w/ such programs
General Institutional Support	6	6: IL, MD, MI, NJ, NY, PA
Support for Health Sciences & Health Professional Programs (Most common fields are medicine, dentistry, nursing)	22[1]	14: AL, FL, IL, MA, MI, NC, NH, NJ, NY, OH, PA, TN, TX, WI
Support for Ed Programs In Other Specific Fields: (Most common fields are education & engineering)	12[2]	12: AL, FL, IL, MD, MO, NC OH, PA, RI, SC, TN, VA[3]
Research/Technology Support	10	7: FL, GA, LA[4] NJ, NY, OH, TX
Program Support For Programs Serving Disadvantaged Students:	6	6: AL, FL, MA, MI, NJ, NY
Broad-Purpose Capital Assistance:	3	3: IL, MD, PA[4]
Support For Cooperative Ventures: (Excludes technology ventures included above)	4	4: AL, IL, MA[5], RI[5]

Source: William Zumeta, Survey of State Policies that May Affect Independent Higher Education, Education Commission of the States, 1988.

[1]Includes cases where support for health fields is part of a larger program also supporting other fields.

[2]Includes cases of state appropriations to specialized institutions.

[3]First funding in 1988-89

[4]Not funded in 1987-88.

[5]Higher education-K-12 cooperation.

(cont'd)

TABLE 10 (cont'd)

Frequencies of Types of Programs of Direct State Payments to Independent Institutions

Type of Program	# of such programs	# of states w/programs
Support for Endowed Chairs Only:	2	2: NJ, NY
Support for Instructional Quality Improvement Only:	2	2: LA[3] SC[4]
Unclassifiable: (Has supported very diverse activities) purpose	1	1: NJ(Dept. of Higher Ed special- grants)

Source: William Zumeta, Survey of State Policies that May Affect Independent Higher Education, Education Commission of the States, 1988.

[1] Includes cases where support for health fields is part of a larger program also supporting other fields.

[2] Includes cases of state appropriations to specialized institutions.

[3] First funding in 1988-89

[4] Not funded in 1987-88.

TABLE 11

Age Distribution of Beginnings of Direct State Payments to Independent Institututions

Time of First Funding	# of programs	# of states w/ such programs
Pre-1970	11	8
1970-74	11	8
1975-79	7	5
1980-84	9	7
1985-88	17	12
No answer	2	2

Source: William Zumeta, Survey of State Politics that May Affect Independent Higher Education, II(2A), Education Commission of the States, 1988.

TABLE 12

Intersector Competition for Institutional Aid Dollars

Eligible for Program	# of programs	# of states w/ such programs
Independent institutions only	27	14
Independent and public institutions	26	16
Public and proprietary institutions	1	1
Independent, public, and proprietary institutions	4	3

Source: William Zumeta, Survey of State Politics that May Affect Independent Higher Education, II(3A & B), Education Commission of the States, 1988.

TABLE 13

Contracting Between States and Independent Institutions.

Fiscal Basis of Program	# of programs	# of states w/ such programs
Capitation-based program with contracts	11	9
Capitation-based program without contracts	16	8
Noncapitation-based programs with contracts	0	0
Noncapitation-based programs without contracts	27	14
No answer	4	1

Source: William Zumeta, Survey of State Politics that May Affect Independent Higher Education, II(9A&D, 10A&D), Education Commission of the States, 1988.
Note: Excludes a small number of unclassifiable programs.

TABLE 14

In Your Opinion, how Important is Funding of the Program* (at Least at Current levels) to the Health of the State's Independent Higher Education Sector? (Check one.)

	Freq.	%	Valid %
Essential	9	15.5	19.2
Essential for some institutions	5	8.6	10.6
Important, but not essential	24	41.4	51.1
Useful, but not important	5	8.6	10.6
Largely unnessary	3	5.2	6.4
Don't know	1	1.7	2.1
No answer	11	19.0	-
Total	58	100.0	100.0

Source: William Zumeta, Survey of State Politics that May Affect Independent Higher Education, II(16), Education Commission of the States, 1988.
* Applies to programs involving direct state payments to independent institutions.

TABLE 15

States Providing Direct Payments to Independent Institutions Against 1987-88 Estimated State Grant Dollars per Full-Time Equivalent Enrollment (Fall 1985)

(n=51)

	Estimated State Grant Level Per Full-Time Undergrad		
	High	Medium	Low
	Above Nat'l Average Freq/%	Below Nat'l Average but Above $100 Freq/%	Below $100 Freq/%
States with direct payments	8/66.7	8/61.5	6/23.1
States without direct payments	4/33.3	5/38.5	20/76.9
Total	12/100.0	13/100.0	26/100.0

Sources: National Association of State Scholarship and State Grant Programs, 19th Annual Survey Report: 1987-88 Academic Year, Table 27, p.146, National Center of Education Statistics, 1987 Digest of Education Statistics, Table 123, p.142, National Institute of Independent Colleges and Universities, 1987 Report on State Assistance Programs, and William Zumeta, Survey of State Policies that May Affect Independent Higher Education, Education Commission of the States, 1988.

TABLE 16

To What Extent Are Independent Sector Representatives Involved in State Planning in Your State? (Check One)

	SHEEO'S Freq/%	Independent Sector Representatives Freq/%
Extensively involved	8/17.4	6/15.8
Somewhat involved	14/30.4	13/34.2
Occasionally involved	17/37.0	11/28.9
Occasionally involved, but to a substantial degree on those occasions	4/8.7	5/13.2
Not involved	3/6.5	3/7.9
Total	46/100.0	38/100.0

Source: William Zumeta, Survey of State Policies that May Affect Independent Higher Education, I(1), Education Commission of the States, 1988.

TABLE 17

Most Important Reason for Lack of Extensive Involvement of Independent Sector in State Planning

	SHEEO'S *	Independent Sector Representatives*
	Freq/%	Freq/%
Independent sector does not desire more involvement	9 / 27.3	2 / 7.7
Ind. sector does not see most planning as relevant to it	5 / 15.2	1 / 3.8
Public higher ed. resists more ind. sector involvement	0 / 00.0	2 / 3.8
State officials traditionally look to public sector	11 / 33.3	15 / 57.7
Ind. sector involvement limited by law or constitution	1 / 3.0	1 / 3.8
No usable answer	7 / 21.2	5 / 19.2
Total	33 / 100.0	26 / 100.0

Source: William Zumeta, Survey of State Policies that May Affect Independent Higher Education, I(26), Education Commission of the States, 1988.

* Includes only states reporting less than extensive involvement of the independent sector in state planning.

TABLE 18

Issue Areas in Which the Independent Sector Has Been Involved in State Planning in the Last Five Years

(SHEEO'S)

	Level of Involvement				
	Extensive/ Substantial	Minor	No planning/ No involvement	No answer	Total
	Freq/%	Freq/%	Freq/%	Freq/%	Freq/%
Issue					
Library system planning	15/32.6	14/30.4	14/30.4	3/6.5	46/100
Planning for high-cost/ limited demand programs	13/28.3	13/28.3	17/37.0	7/15.2	46/100
Master Plan development or revision	12/26.1	13/28.3	18/39.1	3/6.7	46/100
Planning for tele-communications network	12/26.1	12/26.1	19/41.3	3/6.5	46/100
Intra-state regional planning	7/15.2	4/8.7	28/60.9	7/15.2	46/100
Planning for high-cost research facilities	6/13.1	8/17.4	28/60.9	4/8.7	46/100
Computing system planning	3/6.5	9/19.6	29/63.0	5/10.9	46/100

Source: William Zumeta, Survey of State Policies that May Affect Independent Higher Education, I(4A), Education Commission of the States, 1988.

Note: A few repondents wrote in various other responses. Multiple answers were permitted.

TABLE 19

To what extent are independent sector representatives involved in state planning in your state? (Check one)

(N=46*; SHEEO'S only)

	Private Sector Enrollment Share		
	< 15% Freq./%	15% - 25% Freq./%	> 25% Freq./%
Extensively involved	0/0.0	5/38.4	3/20.0
Somewhat involved	5/29.4	3/23.1	6/40.0
Occasionally involved	8/47.1	3/23.1	5/33.3
Occasionally involved, but to a substantial degree on those occasions	1/5.9	2/15.4	1/6.7
Not involved	3/17.6	0/0.0	0/0.0
Total	17/100.0	13/100.0	15/100.0

* No answer = 1.

Sources: National Center for Education Statistics, 1987 Digest of Education Statistics, Table 123, p.142, and William Zumeta, Survey of State Policies that May Affect Independent Higher Education, I(1), Education Commission of the States, 1988.

TABLE 20

To what extent are independent sector representatives involved in state planning in your state? (Check one)

(N=45; SHEEO'S only)

	Estimated State Grant Level Per Full Time Student		
	High Above Nat'l Ave.	**Medium** Below Nat'l Avg. but Above $100	**Low** Below $100
	Freq./%	Freq./%	Freq./%
Extensively involved	4/36.4	1/7.7	3/14.3
Somewhat involved	4/36.4	5/38.5	5/23.8
Occasionally involved	2/18.2	6/46.2	8/38.1
Occasionally involved, but to a substantial degree on those occasions	1/9.1	1/7.7	2/9.5
Not involved	0/0.0	0/0.0	3/14.3
Total	11/100.0	13/100.0	21/100.0

Sources: William Zumeta, Survey of State Policies that May Affect Independent Higher Education, I(1), Education Commission of the States, 1988 and National Association of State Scholarship and Grant Programs, 19th Annual Survey Report: 1987-88 Academic Year, Table 27.

TABLE 21

To What Extent Are Independent Sector Representatives Involved in State Planning in Your State? (Check One)

(N=46; SHEEO'S only)

	States With Direct Payments Freq/%	States without Direct Payments Freq/%
Extensively involved	5/23.8	3/12.0
Somewhat involved	9/42.9	5/20.9
Occasionally involved	5/23.8	12/48.0
Occasionally involved, but to a substantial degree on those occasions	2/9.5	2/8.0
Not involved	0/0.0	3/12.0
Total	21/100.0	25/100.0

Source: William Zumeta, Survey of State Policies that May Affect Independent Higher Education, I(1), Education Commission of the States, 1988.

TABLE 22

Do Representatives of the Independent Sector Participate in Program Review/ Approval of Public Institution Locations, Programs, Missions or Courses?

	SHEEO'S			Independent Representatives		
	Freq	%	Valid %	Freq	%	Valid %
Yes	22	47.8	50.0	16	42.1	43.2
No	22	47.8	50.0	21	55.3	56.8
No answer	2	4.4	MISS	1	2.6	MISS
Total	46	100.0	100.0	38	100.0	100.0

Source: William Zumeta, Survey of State Policies that May Affect Independent Higher Education, I(14A), Education Commission of the States, 1988.

TABLE 23

Inclusion of Duplication of Independent Sector Programs as a Criterion in State Reviews of Public Institutions' Programs.

In Review of Existing Public Sector Programs:

Representatives	SHEEO'S		Independent	
	Freq/%	Valid %	Freq/%	Valid %
Yes	21/45.6	45.6	12/31.6	35.3
No	25/54.4	54.4	22/57.9	64.7
No answer	-	-	4/10.5	-
Total	46/100.0	100.0	38/100.0	100.0

In Review of New Public Sector Programs:

Representatives	SHEEO'S		Independent	
	Freq/%	Valid %	Freq/%	Valid %
Yes	30/65.2	66.7	17/44.7	47.2
No	15/32.6	33.3	19/50.0	52.8
No answer	1/2.2	-	2/5.3	-
Total	46/100.0	100.0	38/10.0	100.0

Source: William Zumeta, Survey of State Policies that May Affect Independent Higher Education, I(16,18), Education Commission of the States, 1988.

TABLE 24

In General, How would you describe the Level of Cooperation Between Public and Independent Sectors in State?

(N=39; independent sector representatives only)

	Freq.	%	Valid %
General Level of cooperation			
Generally cooperative	13	33.3	36.1
Mostly cooperative, but sometimes conflictive	20	51.3	55.5
Mostly conflictive, but sometimes cooperative	2	5.1	5.6
Generally conflictive	1	2.6	2.8
No answer	3	7.9	MISS.
Total	39	100.0	100.0

Source: William Zumeta, Survey of State Politics that May Affect Independent Higher Education, III(26), Education Commission of the States, 1988.

TABLE 25

What Formal or Informal Mechanisms Are in Place to Facilitate Public / Independent Sector Cooperation in Your State? (Check all that Apply.)

(N=36; independent sector representatives who responded to the relevant questions only)

	General State of Intersector Cooperation		
	Generally cooperative	Mostly cooperative, but sometimes conflictive	Generally or mostly conflictive
Mechanisms in Place to Facilitate Cooperation:	Freq/%* (N=13)	Freq/%* (N=20)	Freq/%* (N=3)
Regular meetings of high-level institutional representatives from both sectors	9/69.2	11/55.0	0/0
Formal association (staffed) of public and independent institutions	6/46.2	2/10.0	0/0
Formal association (not staffed) of public and independent institutions	3/23.1	4/20.0	0/0
Joint study groups on specific issues of mutual interest	5/38.5	12/60.0	0/0
Legislative mandate for cooperation	1/7.7	3/15.0	0/0
State funds for cooperative activities	2/15.4	3/15.0	0/0
Membership from both sectors on advisory boards or similar groups that affect both	10/76.4	17/85.0	1/33.3

Source: William Zumeta, Survey of State Policies that May Affect Independent Higher Education, III(26,27), Education Commission of the States, 1988.

* % giving indicated response; multiple responses possible.

TABLE 26

By Region: In General, How would you describe the Level of Cooperation Between Public and Independent Sectors in your State?

(N=36; independent sector representatives who responded to the above question only)

General Level of Cooperation	By Region: Northeast Freq/%	South Freq/%	Midwest Freq/%	Plains Freq/%	West Freq/%
Generally cooperative	2/33.3	4/36.4	5/62.5	1/50.0	1/11.1
Mostly cooperative, but sometimes conflictive	4/66.7	7/63.4	3/37.5	-	6/66.7
Conflictive*	-	-	-	1/50.0	-
Total	6/100.0	11/100.0	8/100.0	2/100.0	9/100.0

Source: William Zumeta, Survey of State Policies that May Affect Independent Higher Education, Education Commission of the States, 1988.
* Combines "Mostly conflictive, but sometimes cooperative" and "Generally Conflictive".

TABLE 27

By Private Sector Enrollment Share: In General, How would you describe the Level of Cooperation Between Public and Independent Sectors in your State?

(N=36; independent sector representatives who responded to the above question only)

General Level of Cooperation	Private Sector Enrollment Share: <15% Freq/%	15.1-24.9% Freq/%	>25.0% Freq/%
Generally cooperative	4/28.6	4/36.4	5/45.5
Mostly cooperative, but sometimes conflictive	7/50.0	7/63.6	6/54.5
Conflictive*	3/21.4	-	-
Total	14/100.0	11/100.0	11/100.0

Source: National Center for Education Statistics, 1987 Digest of Education Statistics, Table 123, p. 142, and William Zumeta, Survey of State Politics that May Affect Independent Higher Education, III(26), Education Commission of the States, 1988.

* Conflictive combines "Mostly conflictive, but sometimes cooperative" and "Generally conflictive".

TABLE 29

By Existence of Direct Payments to Independent Institutions: In General, How would you describe the Level of Cooperation Between Public and Independent Sectors in the State?

(N=36, independent sector representatives who responded to the above question only)

	States with Direct Payments to Independent Institutions	States without Direct Payments to Independent Institutions
	Freq/%	Freq/%
Generally cooperative	7/41.2	6/31.6
Mostly cooperative, but sometimes conflictive	10/58.8	10/52.6
Conflictive*	-	3/15.8
Total	17/100.0	19/100.0

Source: William Zumeta, Survey of State Politics that May Affect Independent Higher Education, II(1) & III(26), Education Commission of the States, 1988.
* Combines "Mostly conflictive, but sometimes cooperative" and "Generally conflictive".